

## *Booklet 6*

# **Aetna Life Insurance**

Although these benefit descriptions include certain key features and brief summaries of King County regular employee and part-time Local 587 benefit plans, they are not detailed descriptions. If you have questions about specific plan details, contact the plan or Benefits and Retirement Operations. We've made every attempt to ensure the accuracy of this information. However, if there is any discrepancy between the benefit descriptions and the insurance contracts or other legal documents, the legal documents will always govern. King County intends to continue benefit plans indefinitely, but reserves the right to amend or terminate them at any time in whole or in part, for any reason, according to the amendment and termination procedures described in the legal documents. King County, as plan administrator, has the sole discretionary authority to determine eligibility for benefits and to construe the terms of the plans. This information does not create a contract of employment between King County and any employee.

**Call 206-684-1556 for alternate formats.**



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## Overview

### ► Highlights of Aetna Life Insurance

Here are a few highlights of your life insurance:

- Basic and enhanced life insurance is provided by Aetna Life Insurance Company
- If you're a part-time Local 587 employee in Plan 1, you may purchase basic life insurance for yourself
- If you're a regular employee or part-time Local 587 employee in Plan 2 or Plan 3:
  - You automatically receive basic life insurance paid by the county
  - You may purchase additional ("enhanced") life insurance for yourself and family members
  - You must enroll in enhanced life insurance to enroll your eligible family members
- Accelerated or living benefits may be available in the event of terminal illness
- Premium waiver may be available if you become disabled
- You have options to continue life insurance when you leave county employment.

### ► Important Facts

Many important topics – including laws, regulations and county provisions – affect more than just this plan and can change frequently. To be more efficient, and avoid repetition, the following related information appears only in the Important Facts booklet:

- Who's eligible for coverage
- How to enroll
- When coverage begins
- Changes you can make to your coverage
- When coverage ends
- What happens to coverage in different situations
- Your rights and responsibilities under the plans.

## Cost

### ► Basic Life

The county pays the cost of basic life insurance for regular employees and part-time Local 587 employees in Plan 2 or 3.

You pay the cost if you are a part-time Local 587 employee in Plan 1. Premiums for Plan 1 coverage are paid through payroll deduction and the cost is based on different age groups. Premiums are adjusted the month of your birthday if your birthday moves you into a different group.

Under IRS regulations, \$50,000 is the maximum coverage an employer may provide to you tax free. If you're a regular employee, your basic life insurance coverage may exceed \$50,000. When this is the case, you pay the income tax (determined by the IRS) on the value of county-paid premiums applicable to your coverage above \$50,000. The value is added to your paycheck and reflected in your W-2 earnings as imputed income.

### ► Enhanced Life

If you're eligible and elect enhanced life insurance, you pay a monthly premium through payroll deduction. Cost depends on the amount of insurance you elect, your base annual salary and different age groups. Premiums are adjusted the month of your birthday if your birthday moves you into a different group.

If you cover a spouse/domestic partner at 50% of your enhanced amount, the cost is 50% of what you pay for your own enhanced insurance (cost is based on your age group). If you cover children, the cost is a flat rate no

matter how many children you cover. See the latest new hire guides and open enrollment materials for information about the monthly cost of coverage.

## **Amount of Coverage**

### **► If You're a Regular Employee**

**Basic Life for You.** You automatically receive county-paid basic life insurance. If you die, the beneficiaries you designate receive a lump sum equal to your base annual salary (rounded to the next higher \$1,000, with a maximum of \$200,000). The lump sum is divided among your beneficiaries according to your beneficiary designation.

Your base annual salary is your base pay excluding overtime, bonuses or premium or any other special pay.

**Enhanced Life for You.** You may purchase enhanced life insurance equal to 1, 2, 3 or 4 times your base annual salary (rounded to the next higher \$1,000) without evidence of insurability (EOI). The cost you pay for the amount you choose is based on your age. If you die, your beneficiaries receive the amount you elect in addition to your county-paid basic life insurance benefit. The maximum enhanced life insurance coverage you may have is \$400,000.

**Enhanced Life for Your Family.** If you elect enhanced life insurance for yourself, you may purchase enhanced life for family members:

- Spouse/domestic partner at 50% of your enhanced amount up to \$200,000 (EOI is required only if the amount exceeds \$100,000)
- Child(ren) at \$10,000 each for ages 6 months to 23 years and \$500 for ages 14 days to 6 months (if you cover one child, all your eligible children are covered for \$10,000 each; no EOI is required).

If you and your spouse/domestic partner both work for King County, you may not cover each other, and only one of you may cover your eligible children under this plan. However, you may add your spouse/domestic partner and children for coverage if they lose their county coverage (see “Changes You May Make When a Qualifying Change Occurs” in the Important Facts booklet).

**Increases in Coverage.** Since your coverage amount is a multiple of your salary, both your basic and enhanced coverage automatically increase as your salary increases (subject to the basic and enhanced maximums).

If you elect enhanced coverage for your spouse/domestic partner, it automatically increases as your salary increases. No EOI is required if the spouse/domestic partner coverage exceeds \$100,000 due solely to a salary increase. (Since children are covered for a flat amount not based on your salary, their coverage is not affected by increases in your salary.)

Adjustments to the life insurance benefit due to a benefit request or salary change automatically occur the first of the month following approval of the request or change, if you are actively at work that day. If the change occurs on the first of the month, the adjustment becomes effective the same day. Otherwise the adjustment occurs on the first of the month following the date you return to active work.

### **► If You're a Part-Time Local 587 Employee**

**Plan 1 Basic Life for You.** You may purchase basic life insurance when you are first eligible for Plan 1. If you elect basic life and die, the beneficiaries you designate receive a lump sum payment of \$20,000. The lump sum is divided among your beneficiaries according to your beneficiary designation.

**Plan 2 or 3 Basic Life for You.** You automatically receive county-paid basic life insurance. If you die, the beneficiaries you designate receive a lump sum payment of \$25,000. The lump sum is divided among your beneficiaries according to your beneficiary designation.

**Plan 2 or 3 Enhanced Life for You.** You may purchase enhanced life insurance of \$25,000, \$50,000, \$75,000 or \$100,000 without evidence of insurability (EOI). If you die, the beneficiaries you designate receive the amount you elect in addition to your county-paid basic life insurance benefit.

**Plan 2 or 3 Enhanced Life for Your Family.** If you elect enhanced life insurance for yourself, you may purchase enhanced life for family members:

- Spouse/domestic partner at 50% of your enhanced amount (no EOI is required)
- Child(ren) at \$10,000 each for ages 6 months to 23 years and \$500 for ages 14 days to 6 months (if you cover one child, all your eligible children are covered for \$10,000 each; no EOI is required).

If you and your spouse/domestic partner both work for King County, you may not cover each other, and only one of you may cover your eligible children under this plan. However, you may add your spouse/domestic partner and children for coverage if they lose their county coverage (see “Changes You May Make When a Qualifying Change Occurs” in the Important Facts booklet).

## **Evidence of Insurability**

EOI is any statement of proof of a person’s physical condition, occupation or other factor affecting his or her acceptance for insurance. An EOI application is provided by Benefits and Retirement Operations when EOI is required under the policy. The application should be completed and returned directly to Aetna within 31 days of receipt.

EOI is required for a spouse/domestic partner when coverage is requested in an amount greater than \$100,000 (EOI is not required if coverage subsequently exceeds \$100,000 as the result of employee salary increases). The coverage amount above \$100,000 does not become effective until the proof of good health is approved by Aetna. If EOI is not received or approved, coverage is capped at \$100,000.

No EOI is required for eligible children.

## **Beneficiaries**

All employees (except part-time Local 587 employees in Plan 1 who don’t elect basic coverage) receive a life insurance benefit and need to designate one or more beneficiaries – individuals who receive your benefit in the event of your death. A Beneficiary Designation form is provided when you first enroll and is available on the Web and from Benefits and Retirement Operations anytime you need to change beneficiaries (see Resource Directory booklet).

You may name anyone you wish as your primary or contingent beneficiaries (contingent beneficiaries receive benefits if all primary beneficiaries are deceased at the time of your death). If you don’t designate beneficiaries as primary or contingent on your Beneficiary Designation, all beneficiaries you list are considered primary.

You may designate more than one primary and one contingent beneficiary. When you do, you must assign the percentage of your benefit each beneficiary receives on your Beneficiary Designation. Percentages for all primary beneficiaries must total 100% and percentages for all contingent beneficiaries must total 100%. If you don’t assign percentages, beneficiaries receive equal shares.

If you’re married and do not choose to list your spouse as your only primary beneficiary, your spouse must sign the spouse waiver section of the Beneficiary Designation.

You may change your beneficiary at any time by completing a new Beneficiary Designation and sending it to Benefits and Retirement Operations. Benefits are paid according to the most recently signed form on file. If you don’t name a beneficiary, benefits are paid to your spouse, your children, your parents or your siblings, in that order. If none of them survives you, benefits are paid to your estate.

If you elect enhanced life coverage for your family members and a covered family member dies, you are the beneficiary.

## **When Benefits Are Payable**

### **► Death Benefits**

Life insurance benefits are payable if you or a family member dies. However, if a beneficiary is implicated in the death of the insured and convicted of the crime, the law usually prohibits the beneficiary from receiving the benefits. Benefits may then be distributed to the contingent beneficiary.

Insurance is paid in a lump sum and not subject to federal income tax (consult your tax advisor for more information on taxes and death benefits).

This is how a lump sum is paid: when a death benefit of \$10,000 or more is payable to you or a beneficiary, it is deposited into an Aetna Benefits Checkbook Account in the person's name. This account will earn competitive money market interest rates. You (or the beneficiary) receive personalized checks for immediate access to all or part of the funds deposited in the account and may write a check for no less than \$250.

### **► Accelerated Benefits**

In the case of your or your covered spouse/domestic partner's terminal illness, certain benefits may be paid to you before death. You may elect to receive up to 50% of the life insurance benefit (to a maximum of \$100,000 for a spouse/domestic partner; to a maximum of \$300,000 for yourself) while you or your spouse/domestic partner is living if the following requirements are met:

- Life expectancy must be 24 months or less
- Certification of the terminal illness must be provided by a physician legally licensed to practice medicine and accepted by Aetna before accelerated benefits are payable.

While an accelerated benefit claim is pending, Aetna has the right, as often as reasonably necessary, to have a covered person examined by a health or vocational professional of Aetna's choice and at Aetna's expense.

Accelerated benefits are based on the amount of life insurance in effect according to county payroll records on the date Aetna accepts the physician's certification of terminal illness. Accelerated benefits are payable to you in a lump sum. The life insurance benefit is reduced by the amount of the accelerated benefit payment, and the remaining benefit is paid to you (or your beneficiary) after death.

Contact Benefits and Retirement Operations for more details about the accelerated benefit option. If you have enhanced life coverage and elect the accelerated benefit, you must continue paying for the enhanced coverage until the coverage ends.

Keep in mind:

- Accelerated benefits can be used to pay for special nursing requirements or hospice arrangements, needed medical equipment or custodial care and other expenses
- Accelerated benefits are payable only once for you and once for your spouse/domestic partner
- Your accelerated benefit payment reduces the amount of your life insurance benefit that may be converted to an individual policy
- You are responsible for any taxes due to an accelerated benefit payment
- Your spouse/domestic partner must agree with your accelerated benefit election.

## Disability Provision

### ► If You Become Disabled Before Age 60

If you become disabled before age 60 and notify Benefits and Retirement Operations within 30 days of your last day worked, the county pays to continue the basic life coverage you had on your last day worked and you have the option of paying to continue the enhanced life coverage you had on your last day for up to 12 months.

Between eight and nine months following your last day worked, apply to Aetna for a premium waiver. If Aetna determines your disability is permanent and total (approves your premium waiver application), it extends the basic and enhanced life coverage you had on your last day worked from the date of its determination until you reach age 65, at no cost to you as long as you remain disabled. (You may apply for premium waiver up to 12 months following your last day worked, but applications received after 12 months may be denied.)

If you convert coverage when you end employment (see “Converting to Individual Whole Life Insurance”) and you are then approved for premium waiver, Aetna will cancel the individual policy and return the premiums to you.

You are permanently and totally disabled only if disease or injury stops you from working at your own job or any other job for pay or profit, and it must continue to stop you from working at any reasonable job. A “reasonable job” is defined as any job for pay or profit that you are (or may reasonably become) fitted for by education, training or experience.

To be eligible for premium waiver, you must meet all these requirements:

- Your life insurance must be in force when you become permanently and totally disabled
- You must be under age 60 on the date you last worked
- Your permanent and total disability must have lasted for at least nine months
- You must furnish all proof when requested (Aetna may ask you to have an exam, at its expense, before accepting the proof).

Premium waiver coverage ends when the first of these dates occurs:

- Aetna sends you a request for an exam, but you do not have the exam within 31 days of that date, or Aetna requests proof that you’re still permanently and totally disabled and you don’t provide the proof within 31 days of that date
- You are well enough to work in any reasonable job
- You start to work in any job for pay or profit
- You reach age 65.

After this coverage has been extended continuously for two years, Aetna will not request an exam or proof more often than once in 12 months. When the extended coverage period ends, you may be eligible to convert to an individual life insurance policy.

If you die while disabled, within 12 months of your last day worked and before applying for a premium waiver (or your application is approved), Aetna pays your beneficiaries the life insurance benefit they would have received had a premium waiver been approved. To pay this benefit, Aetna must receive written notice of your death within 12 months of its occurrence and proof your disability was permanent and total.

### ► If You Become Disabled After Age 60

If you become disabled after age 60, before you retire or end county employment, and notify Benefits and Retirement Operations within 30 days of your last day worked, the county pays to continue the basic life coverage you had on your last day for up to 12 months or age 65, whichever occurs first. You also have the option of paying to continue the enhanced life coverage you had on your last day for up to 12 months or age 65, whichever occurs first.



Between eight and nine months following your last day worked, apply to Aetna for a disability determination. If Aetna determines your disability is permanent and total, the county will pay to continue your basic life coverage until you reach age 65, as long as you remain disabled and as long as the county continues to provide the benefit to its active employees.

If you do not apply between eight and nine months or your disability determination is not approved by Aetna, your county-paid basic life insurance ends after 12 months or at age 65, whichever occurs first. When this occurs, you may convert to individual coverage (see “Converting to Individual Whole Life Insurance” in this booklet).

## **Filing a Claim**

For a death or accelerated claim, you or your beneficiary should contact Benefits and Retirement Operations. Benefits and Retirement Operations staff will help file the claim with Aetna and provide referrals to counseling and other resources as requested.

Aetna processes the claim within 90 days of receipt. If Aetna needs more time, you or your beneficiary are notified in writing, before the initial 90 days end, of the need for an extension of up to 90 days.

Aetna may, at its own expense, have an autopsy performed to determine a death benefit payment, unless prohibited by law.

If the claim is denied, you or your beneficiary are notified in writing of reasons for the denial, the right to appeal and the right to obtain copies of all documents related to the claim that the plan reviewed in making the determination.

## **Appealing Denied Claims**

### **► Claims Denied for Reasons Other Than Eligibility**

When a claim is denied for any reason other than eligibility, follow the steps described in this section. However, when a claim is denied for eligibility reasons, follow the steps described in the next section, “Claims Denied Due to Eligibility.”

If you or your beneficiary disagrees with a claim denial, you, your beneficiary or representative (referred to as “you” in the rest of this section) may try to resolve any misunderstanding by calling Aetna and providing more information. If you’d rather communicate in writing or the issue isn’t resolved with a call, you may file a written appeal. You have 60 days after receiving a claim denial notice to file the written appeal. Be sure to include the reasons for the appeal and any information or documentation helpful to reviewing the claim.

Aetna will review the written appeal and notify you of its decision within 60 days after receiving the appeal. If Aetna requires additional time, you will be notified in writing that an additional period of up to 60 days is necessary.

Aetna will give you a written decision and explain the specific plan provisions behind the denial (if applicable).

Aetna has sole discretionary authority to determine benefit payment under the life insurance plan; its decision is final and binding. In reviewing your claim, Aetna applies the plan terms and uses its discretion in interpreting plan terms. Benefits are paid only if you meet the eligibility and participation requirements and Aetna determines you’re entitled to the benefits.

If the appeal is denied, you may pursue legal remedies, but you must exhaust this claim appeal process first. If legal action is taken, the suit must be filed within two years after the event the claim is based on. If you do not file a claim or appeal within the specified period, you forfeit the right to further appeal.

## ► **Claims Denied Due to Eligibility**

If you have eligibility questions or believe you've had a claim denied because the plan indicates you or a family member is not covered, call Benefits and Retirement Operations at 206-684-1556. A staff member may be able to resolve the eligibility issue, eliminating the need to file a formal appeal.

If you'd rather communicate in writing or your eligibility issue can't be resolved with a phone call, you, your beneficiary or your representative (referred to as "you" in the rest of this section) may file a written appeal. You have 60 days after receiving an eligibility determination notice (from the county or the plan) to submit a written appeal. It must include:

- Your name and address as well as each covered family member's name and address (if applicable)
- Hire letter or job announcement, or retirement determination of eligibility
- Your employee ID (as it appears on your pay stub) or Social Security number (even if the appeal is for a family member)
- Reason for the appeal.

Send eligibility appeals to:

King County Benefits and Retirement Operations  
Exchange Building EXC-ES-0300  
821 Second Avenue  
Seattle WA 98104-1598

A Benefits and Retirement Operations staff member will review your appeal and notify you in writing of the eligibility determination within 60 days. If additional time is required, you will be notified in writing that an additional period of up to 60 days is necessary.

If your eligibility appeal is denied, the notice will include the plan provision behind the decision and advise you of your right to obtain free copies of relevant documentation.

Benefits and Retirement Operations has sole discretionary authority to determine benefit eligibility under this plan; its decision is final and binding. In reviewing your claim, Benefits and Retirement Operations applies the plan terms and uses its discretion in interpreting plan terms. Benefits are paid only if you meet the eligibility and participation requirements and Benefits and Retirement Operations determines you're entitled to the benefits.

If you believe your appeal was denied because relevant information or documents were not considered, Benefits and Retirement Operations offers the option of filing an appeal addendum within 30 days after receiving the eligibility appeal denial notice. The addendum must include the relevant information or documents. Send eligibility appeal addenda to the same address for eligibility appeals, but to the attention of the Benefits and Retirement Operations Manager.

The manager will review the additional information you provide, consult with appropriate county personnel and notify you in writing of the eligibility determination. The notice will indicate the specific plan provision behind the decision and advise you of your right to obtain free copies of related documentation. It is the manager's exclusive right to interpret and apply the eligibility terms and exercise discretion to resolve all eligibility questions for county employees. Decisions of the manager are final and binding.

If you disagree with your eligibility appeal determination, you may file a grievance with your union or initiate legal action. Any legal action must be within two years of the date you were denied plan participation, or you forfeit your right to legal action.

## **Continuation of Coverage**

### **► Continuing Group Term Life Insurance**

When you end employment with the county for reasons other than retirement or disability, you may continue the basic and enhanced group term life insurance that you had on your last day of employment up to \$300,000. This is called “portability.” Premiums for the continued coverage are paid directly to Aetna and the age-specific group rates may differ from the rates paid by active employees.

If you continue coverage, you may also continue the enhanced group term life insurance you had on your last day of employment for your spouse/domestic partner until he or she is age 65 up to \$25,000 and your dependent children’s benefits until they are age 19 (23 if solely dependent on you for support) up to \$5,000.

Employee or covered family member life benefits in excess of the portability maximums may be converted to a whole life policy (see “Converting to Individual Whole Life Insurance”).

Portability coverage reduces to 25% at age 65 and terminates when you turn age 75 or otherwise stop premium payments for continued benefits. Continued coverage for your spouse/domestic partner and children ends when they attain the limiting age or when your benefits cease; however, they may convert to an individual whole life insurance policy (see “Converting to Individual Whole Life Insurance” below).

To continue coverage, you must request a Portability Application from Aetna and return the completed form with your first premium payment within 31 days of the date your county coverage ends (see Resource Directory booklet). If you die during the 31 days, your beneficiary or estate will receive the full amount of your life insurance coverage in force before it ended. This payment is made under the group policy, whether or not you actually applied to continue coverage. If you applied, any fees or premiums you paid are refunded.

### **► Converting to Individual Whole Life Insurance**

You, your spouse/domestic partner and child may apply to convert group term life insurance to an individual whole life insurance policy if you (the county employee):

- Leave county employment for any reason
- Elect to continue group term life insurance when you leave county employment but discontinue it or lose eligibility for it later.

To convert group term life insurance to an individual whole life insurance policy, you or the covered family member must apply to Aetna within 31 days of the date your group term life insurance coverage ends (see Resource Directory booklet). If you die during the 31-day conversion period, your beneficiary or estate receives the full amount of your life insurance coverage. This payment is made whether or not you actually applied to continue coverage. If you already applied, any fees or premiums you paid are refunded.

## **Payment of Benefits**

The benefits offered by this plan are insured by Aetna, meaning this is not a self-funded plan. Aetna is financially responsible for claim payments and other costs.

